

**REPORT****ADAPT, INC.****Bogalusa, Louisiana****Financial Statements  
For the Year Ended  
December 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/16/06

**WILLIAM R. DURDEN***Certified Public Accountant***820 11<sup>TH</sup> AVENUE  
FRANKLINTON, LOUISIANA 70438**

**Adapt, INC.**  
**Bogalusa, Louisiana**

**Financial Statements**  
**As of and for the Year Ended**  
**December 31, 2005**  
**With Supplemental Information Schedule**

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# **WILLIAM R. DURDEN**

*Certified Public Accountant*

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MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

To the Board of Trustees of  
Adapt, Inc.

I have reviewed the accompanying statement of financial position of Adapt, Inc. (a nonprofit organization) as of December 31, 2005 and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Adapt, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The schedule, of board members, on page 9 is not a required part of the basic financial statements but is supplementary information. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

  
WILLIAM R. DURDEN, CPA

June 19, 2006

## FINANCIAL STATEMENTS

**ADAPT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2005**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 13,166
Account receivable	2,815
Grants receivable	<u>28,581</u>
Total current assets	<u>44,562</u>

Total assets	<u>\$ 44,562</u>
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**LIABILITIES**

## Current liabilities:

Accounts payable	\$ 839
Payroll payable	<u>710</u>
Total current liabilities	<u>1,549</u>

## Other liabilities

Deferred revenue	<u>2,078</u>
Total other liabilities	<u>2,078</u>

Total Liabilities	<u>3,627</u>
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**Net Assets**

Contributions	7,371
Unrestricted:	
Operating	<u>33,564</u>
Total net assets	<u>40,935</u>

See accompanying notes and accountant's review report.

ADAPT, INC.  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2005

Functions/Programs	Temporarily Restricted			
	Expenses	Grants	In-Kind Services	
<b>Grants</b>				
FY 04-05 Addictives disorder services	\$ 48,108	\$ 48,103	\$ -	\$ (5)
FY 05-06 Addictives disorder services	40,959	40,959	-	-
FY 04-05 Rape prevention education	20,406	20,416	-	10
FY 05-06 Rape prevention education	11,782	11,782	-	-
FY 04-05 Rape counseling program	70,323	56,258	14,065	-
FY 05-06 Rape counseling program	3,956	3,165	791	-
FY 04-05 Sexual assault counselor	7,232	5,399	1,833	-
FY 05-06 Sexual assault program	5,695	4,278	1,417	-
<b>Total unrestricted grants activities</b>	<u>208,461</u>	<u>190,360</u>	<u>18,106</u>	<u>5</u>
<b>Unrestricted revenues</b>				
Drug screening fees				11,524
Tobacco free living				4,522
Sale of merchandise				178
Miscellaneous				<u>1,000</u>
<b>Total Unrestricted Revenue</b>				<u>17,224</u>
<b>Expenses</b>				
Tobacco free living				4,522
Operating expenses				1,670
Drug screening expenses				<u>4,385</u>
<b>Total General Expenses</b>				<u>10,577</u>
<b>Change in Net Assets</b>				6,652
Net Assets, Beginning				42,688
Prior Year Adjustments(see Note 6)				<u>(8,405)</u>
<b>Net Assets, Ending</b>				<u>\$ 40,935</u>

See accompanying notes and accountant's review report.

**ADAPT, INC.**  
**STATEMENT OF CASH FLOWS - MODIFIED ACCURAL BASIS**  
**For the year ended December 31, 2005**

**Cash Flows From Operating Activities**

Received from grants	\$ 203,822
Received from other source	12,514
Paid for Operations	(98,433)
Paid to Employees	<u>(105,934)</u>
Net Cash Flows From Operating Activities	<u>11,969</u>

**Net Change in Cash and Cash Equivalents**

11,969

**Cash and Cash Equivalents - Beginning of Year**1,197**Cash and Cash Equivalents - End of Year**\$ 13,166**Reconciliation of Operating Income to Net Cash Flows From Operating Activities**

Operating Income (Loss)	\$ 6,652
Adjustments to Reconcile Operating Income to Net Cash	
Flows From Operating Activities:	
Increase (Decrease) in Deferred Revenues	(3,377)
Increase (Decrease) in Accounts Payable	6
Increase (Decrease) in Payroll Tax Payable	(65)
Decrease (Increase) in Grants Receivable	8,941
Decrease (Increase) in Other Receivable	(188)
Net Cash Flows From Operating Activities	<u><u>\$ 11,969</u></u>

See accompanying notes and accountant's review report.

## **NOTES TO FINANCIAL STATEMENTS**



ADAPT, INC.  
Notes to Financial Statement  
December 31, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Corporation and Nature of Activities**

Adapt, Inc. (Corporation) was organized as a nonprofit corporation on July 22, 1994, under the laws of the State of Louisiana. The Corporation's purpose is to provide drugs and alcohol education and out-patient therapy and assessments; and to provide mental health education and out-patient therapy and assessments; and to enhance, expand, coordinate, and provide health and social services through collaboration, coordination, education, assessment, and intervention; and to enter into any lawful business activity in which corporations organized under Revised Statute 12:201 et seq. engage, either for its own account or for other as agent.

The Corporation is a tax-exempt Corporation as described in Section 501 (a) of the Internal Revenue Code and thus, is exempt from federal and state income taxes.

**Public Support and Revenue**

The Corporation receives the majority of its funding through federal grants. The Corporation also charges fees for drug screenings for various clients.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

**Account Receivable**

Grant receivables are recorded when the company incurs the expenditures for the grant. Other receivables are recorded when earned.

**Property and Equipment**

Property and equipment are carried at cost. The capital assets are not depreciated. The equipments are expended in the period that it is approved by appropriate federal grant.

ADAPT, INC.  
Notes to Financial Statement  
December 31, 2005

**Income Taxes**

Income taxes are not provided for in the financial statements since the Corporation is exempt from federal and state income taxes under code section 501 (a) of the Internal Revenue Code and similar state provision. The Corporation is also exempt from filing an annual report, form 990, with the Internal Revenue Service under Rev. Proc. 95-48, Section 3.1, due to the fact that majority of its income is derived from federal grants.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Corporation's cash equivalents at December 31, 2005 are demand deposit of \$13,166.

These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must all time equal the amount on deposit with the fiscal agent.

At December 31, 2005, the Corporation has \$13,166 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance (GASB Category 1).

**NOTE 3: RECEIVABLES**

The Corporation's receivables consist of federal grants, reimbursements for grant expenditures, of \$28,581 and drug screening fees due from various clients of \$2,815, at December 31, 2005, following amounts were due from grantors:

Federal Grants:	Receivables
Addictive Disorders Service FY 05-06	\$ 7,618
Rape Counsel Program FY 04-05	12,884
Rape Counsel Program FY 05-06	3,165
Rape Prevention Education FY05-06	3,767
Sexual Assault Program FY 05-04	1,157
Total Grants Receivables	<u>28,581</u>

ADAPT, INC.  
Notes to Financial Statement  
December 31, 2005

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	Balance 12/1/2005	Additions	Deletions	Balance 12/31/2005
Furniture and Fixtures	\$ 1,723		\$ -	\$ 1,723
Office Equipments	15,241	4,011	-	19,252
Total Assets	<u>\$ 16,964</u>	<u>\$ 4,011</u>	<u>\$ -</u>	<u>\$ 20,975</u>

The Corporation's assets were all purchased with addictive disorder service's federal grant funds. The assets are expended through the appropriate grant. Since the assets are expended through the appropriate grant, the agency that not depreciated the assets.

**NOTE 5: DEFERRED REVENUES**

The Corporation has deferred revenue of \$2,078 from federal grants at December 31, 2005. The deferred revenue is cash advanced that has not been earned through expenditures as of December 31, 2005.

**NOTE 6: PRIOR YEAR ADJUSTMENTS**

Net Assets At Beginning of the Year	\$ 42,688
Adjustments:	
The adjustment required to eliminated Capital assets from the Statement of Financial Position	<u>(8,405)</u>
Net Assets after Adjustments	<u>\$ 42,688</u>

The agency in previous years reported equipment purchases as capital assets on the Statement of Financial Position even though the equipment was expended through the appropriate federal grant. Since the equipment was expended through grant, it was not necessary to report the equipments as capital assets on the Statement of Financial Position and depreciated the assets in the Statement of Activities.

ADAPT, INC.  
Notes to Financial Statement  
December 31, 2005

**NOTE 7: LEASE**

On July 1 2004, the Corporation entered into a lease agreement for the property located at 216 Memphis Street, Bogalusa, Louisiana. The lease is \$750 per month for 24 months and will terminate on June 30, 2006.

**NOTE 8: SCHEDULE OF FEDERAL GRANT AWARDS**

Federal Grants:	Federal CFDA Number	Pass though Grantor's Number	Federal Expenditures
<u>United States Department of</u>			
<u>Health and Human Services</u>			
State Department of Health and Hospital			
FY 04-05 Addictives Disorders Services	93:230	CFMS 609877	\$ 48,108
FY 05-06 Addictives Disorders Services	93:230	CFMS 625633	40,959
FY 04-05 Rape Prevention Education	93:136	41141	20,406
FY 05-06 Rape Prevention Education	93:136	627482	11,782
<u>United States Department of Justice</u>			
Louisiana Commission on Law Enforcement			
FY 04-05 Rape Counseling Program	165:75	CO3-5-010	70,323
FY 04-05 Rape Counseling Program	165:75	CO4-5-015	3,956
FY 04-05 Sexual Assault Counselor	165:88	MO3-8-031	7,232
FY 05-06 Sexual Assault Counselor	165:88	MO4-8-034	5,695
Total Federal Grants Expenditures			<u>\$ 208,461</u>

**NOTE 9: LITIGATION AND CLAIMS**

As of December 31, 2005 there were no litigations or claims against the Corporation.

**NOTE 10: RELATED PARTY TRANSACTIONS**

The Corporation had no related party transactions during the period covered by the financial statement.

## **SUPPLEMENTARY INFORMATION**

**ADAPT, INC.  
SCHEDULE OF BOARD MEMBERS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	TERM
Sandra Bloom, President 409 Salem Drive Bogalusa, La 70427 985-740-4227	1/1/2005-12/21/05
Dorothy Young, Vice-President 27440 Hwy 21 Angie, La. 70426 985-986-2605	1/1/2005-12/21/05
Patsy Ritchie, Secretary 25225 Hwy 62 Franklinton, La. 70438 985-848-5558	1/1/2005-12/21/05
Michelle Knight, Treasure 64284 Foster Town Road Angie, La. 70426 985-732-3691	1/1/2005-12/21/05
Jane Rester, Board Member 64077 Foster Town Road Angie, La. 70426 985-735-7104	1/1/2005-12/21/05
Charlette Fornea, Chief Executive Officer 25705 Coleman Street Angie, La. 70426 985-735-0322	

Board Members are re-elected each year and receive no compensation.

See accountant's report.

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

# **WILLIAM R. DURDEN**

*Certified Public Accountant*

820 11<sup>TH</sup> AVENUE  
FRANKLINTON, LOUISIANA 70438  
(985)839-4413  
FAX (985)839-4402

MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees of  
Adapt, Inc.

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Adapt, Inc., and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Corporation's compliance with certain laws and regulations during the period ended December 31, 2005 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representations regarding the sufficiency of the procedures described below neither for the purpose for which this report has been requested nor for any other purpose.

### Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LAS-RS 38:2211-2251 (the public bid law).

The Corporation did not have any purchases that exceeded \$15,000 or public works expenditures exceeding \$100,000. The Trustees are aware of the bid law and stated they would comply with the law.



### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list of board members, their immediate family members, and their outside business interests. I scanned cash disbursements journals for any related party transactions, there were none that came to my attention.

3. Obtain from management a listing of all employees paid during the period under examination.

The Corporation provided me with a list of all employees paid during the fiscal year ended December 31, 2005 along with a copy of their W-2's.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in procedure (2) as immediate family members.

There were no employees names included on the list of immediate family members provided by the board members.

### Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

The six payments I examined were coded to the correct general ledger accounts and proper fund.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting the six selected disbursements indicates approval to purchase from proper authorities.

### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).

Adapt's board of trustees meets quarterly. The notice of meeting and agenda is posted on the door of the of Corporation's office two days prior to each meeting. Management has asserted that the agenda was properly posted. I examined copies of meeting notices containing date, time, place and business to be conducted, which are filed with the minutes of each meeting.

### Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

I inspected copies of all bank deposits for the period under examination and did not detect any deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

### Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

I scanned cash disbursement records and minutes for evidence of any payments which may constitute employee bonuses, employee advances, or gifts to Board members, none were noted. I compared the yearly earnings report to the W-2's .

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Adapt Corporation, the Legislative Auditor, State of Louisiana and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



William R. Durden  
Certified Public Accountant

June 19, 2006

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Entities)**

6/12/06 (Date Transmitted)

Adapt Inc.

William R. Durden, CPA

(Auditors)

In connection with your review of our financial statements as of December 31, 2005 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [☒] No [ ]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [☒] No [ ]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [☒] No [ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [☒] No [ ]

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [☒] No [ ]

### Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

### Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Patsy Ritchie</u>	Secretary	<u>6/15/06</u>	Date
<u>Mitchell Knight</u>	Treasurer	<u>6/14/06</u>	Date
<u>Sandy Bloom</u>	President	<u>6/14/06</u>	Date